

Morocco

The Development Challenge: Morocco has made great gains in recent years, but still faces formidable challenges. Among the most important are rising poverty, due to high levels of unemployment and a labor pool largely unprepared for today's and tomorrow's job market, and a citizenry appreciative of democratic reforms and improved governance but striving for more. This thirst is driven by the fact that Morocco's social indicators belie its lower middle-income ranking. Compared to other countries in the region, Morocco's Human Development Index (calculated by the United Nations) places Morocco closer to a low-income country (like Bangladesh) than a middle-income country (like Jordan).

Macroeconomic indicators (inflation, fiscal deficit, and foreign exchange reserves) remain excellent, despite the external shocks and low economic growth. Economic liberalization has been slow but steady, with some impressive success in telecommunications. Democracy has progressed since 1999, with fair and transparent national elections for the first time since Morocco's independence. Even more notable, these September 2002 elections increased the female membership of Parliament from one percent to ten percent, the highest percentage in the Middle East.

However the advance of democracy is offset by continuing lack of economic opportunities. Those who are employed are frequently underemployed, with university graduates being the most affected group. The search for economic opportunity drives rural dwellers to the urban shantytowns. Those lucky enough to have marketable skills head for Europe or North America through whatever means possible.

Despite macroeconomic stability and progress on economic reforms, poverty continues to grow. This growth is partially due to a poorly-performing economy which is overly dependent on rain-fed agriculture. Recurrent droughts force many people from rural to urban areas. Here, they swell the ranks of the unemployed and put greater stress on already overwhelmed public services, including education, health, housing, and transportation. For example, although the government uses more than 25 percent of its annual budget on education, the illiteracy rate is one of the highest in the Middle East, the quality of education is poor, and vocational training is not targeted to priority needs of the workplace. Thus, Moroccan citizens are not receiving the services they need, and Morocco's work force is lacking the skills needed to compete in the global economy.

The USAID Program: To help Morocco address its development challenges, USAID/Morocco's program currently implements two key strategic objectives linked to and focused on the two fundamental resource issues for Morocco's economy: 1) Increasing opportunities for domestic and foreign investment, and 2) Improving water resources management. Three special objectives address key long-term issues of health, education and democracy: 1) Promoting sustainable population, health and nutrition programs; 2) Increasing basic education attainment for girls in rural areas; and 3) Increased capability and active participation of civil society in support of citizen's rights. Particular attention is given to gender and public-private partnerships to maximize synergies across sectors.

The Department of State and USAID are conducting a joint review of the overall strategic direction of the USAID/Morocco ESF portfolio and its specific programs in order to bring them in line with the goals and objectives of the Middle East Partnership Initiative (MEPI). Those regional priorities include: economic reform and private sector development, increasing educational opportunity, strengthening civil society and the rule of law, and increasing the participation of women in economic and political life. This review will ultimately entail significant changes in the level of funding of ESF programs, projects, and activities described in this Budget Justification. After completion of the joint review USAID will notify the Congress through established procedures prior to obligating funds for any revised efforts.

In parallel, USAID/Morocco is designing a new strategic plan, which is to start in FY 2004. This strategic plan will address the new international (post-9/11) and bilateral (free trade agreement) challenges. The new strategy will focus on building sustainable economic growth activities in three mutually reinforcing areas: increasing economic opportunities for all Moroccans through the engine of free trade and

investment; relevant workforce preparation for the new Moroccan economy; and responsiveness of government to the priorities of its citizens.

Other Program Elements: Currently, six Development Credit Authority (DCA) guarantee facilities have been negotiated. These have leveraged the local currency equivalent of \$17 million. The total premium (subsidy) cost for these DCA facilities is \$577,000 leveraging nearly 30 times the cost. A seventh deal is pending receipt of \$170,000 in DCA carryover funding for a \$3 million facility to finance wastewater treatment plants. The seven activities are projected to directly benefit 16,500 families, 60 communities, and four small cities.

The regional U.S. North Africa Economic Partnership (USNAEP) also has activities in Morocco. USAID assists the Ministry of Tourism, regional tourism associations, private operators and small business/service providers catering to tourists to improve the attractiveness of existing rural and/or ecology tourism sites, link them with other major Moroccan tourist destinations like Fez, Marrakech, and Agadir, and market such sites to international customers.

Other Donors: In 2000, official donor assistance (ODA) to Morocco totaled about \$419 million in loans and grants, equivalent to about 1.3% of the GDP. The largest multilateral donor programs are those of the European Union, the World Bank, and the African Development Bank. With regard to bilateral donors, U.S. assistance ranked fifth (about 8 percent of total bilateral ODA) over the 1998-2000 period, after France (49 percent), Japan (21 percent), Germany (12 percent) and Spain (8 percent).

Despite the modesty of its funding, USAID continues to play a far more significant role than its program size indicates. For many Moroccan officials and citizens, USAID remains the donor of preference. USAID/Morocco develops partnerships with other donors and non-governmental organizations, including local foundations, to create complimentary programs. In recent years, two Moroccan social development institutions became significant supporters of local development programs and USAID/Morocco was successful in partnering with them, leveraging more than \$5 million in additional resources for micro-credit and soil erosion prevention.

USAID and other donor strategies focus primarily on community development, decentralization, small and medium enterprises, agriculture and water issues, and policy reforms to improve the investment environment. The French Development Agency funds projects in rural development and potable water, with strong emphasis on participatory community development. German aid is mainly directed to potable water and environmental management. The UNDP implements integrated, crosscutting initiatives including environmental management, governance, poverty, social sectors, and gender issues. The World Bank and African Development Bank loans finance infrastructure and macroeconomic structural reforms.

Morocco PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	4,902	4,600	0	0
Development Assistance	5,685	5,766	6,713	5,400
PL 480 Title II	591	0	0	0
Total Program Funds	11,178	10,366	6,713	5,400

STRATEGIC OBJECTIVE SUMMARY				
608-005 Expanded Business Opportunities				
DA	2,685	2,038	2,891	0
608-006 Environment for Sustainable Development				
DA	1,000	2,300	2,294	0
608-007 Health Improvements for Women & Children				
CSH	3,414	4,600	0	0
DA	2,000	0	0	0
608-008 Keeping Girls in School				
CSH	1,488	0	0	0
DA	0	1,428	1,528	0
608-011 Trade and Investment				
DA	0	0	0	5,400

Data Sheet

608-001: No Summary and/or Pillar information entered for this SO.

Data Sheet

608-002: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Morocco
Program Title:	Expanded Business Opportunities
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,891,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2004

Summary: This program seeks to improve policies, laws, and regulations governing the private sector and to strengthen the capacity of public and private institutions to foster private enterprise. USAID is assisting public sector institutions, such as commercial courts and regional investment centers, and private organizations, such as microfinance providers and business associations, to create a better investment climate. The program supports the reforms expected to be required to effectively implement the free trade agreement between Morocco and the United States.

Inputs, Outputs, Activities:

FY 2003 Program:

USAID will use the requested funds to provide expatriate and local expertise, and information technology, for legal, regulatory, and judicial reform, investment climate improvement, tourism development, and microfinance industry strengthening.

Judicial Reform (\$1,840,000 DA). The program will: update trade and investment-related laws and regulations, such as the company code, bankruptcy act, and intellectual property laws; improve the operations of the commercial court system; and improve the quality and timeliness of court decisions. Funds will be used for expatriate and local legal expertise, for the training of judges, prosecutors, clerks and administrators, and installation of improved management information systems, including a new judicial statistics system at the national level and caseload management software in commercial courts. Assistance will reduce court backlog and improve the quality of court decisions. The principal contractor is Financial Markets International.

Investment Climate Reform (\$751,000 DA). Funds will be made available for the expertise and systems needed to make recently established Regional Investment Centers (RICs) responsive to the needs of private investors. The RICs will help to: decentralize government decision-making related to investments; reduce the bureaucratic obstacles to business creation, start-up, and operation; develop public-private partnerships, in areas such as technology and human resource development; and create a more business friendly environment. The contract is not yet awarded.

Microfinance Industry Strengthening (\$300,000 DA). Building on its very successful experience in establishing the first microfinance institution in Morocco, USAID plans to expand its support to other microfinance organizations. Funds will be combined with monies made available by the Office of Microfinance in Washington to fund an institutional contractor. The latter will work with the Federation of Microfinance Associations and the national regulatory bodies to establish a credit reference bureau; develop new products and services, such as housing loans; and strengthen industry standards and supervision. The contract is not yet awarded.

Rural Tourism Development. This activity is part of the regional U.S. North Africa Economic Partnership (USNAEP). USAID will assist the Ministry of Tourism, regional tourism associations, private operators and small business/service providers catering to tourists to improve the attractiveness of existing rural

and/or ecology tourism sites, link them with other major Moroccan tourist destinations like Fez, Marrakech, and Agadir, and market such sites to international customers. Funds will pay for foreign and local expertise. Expected impacts include an increase in the number of foreign visitors, and increased jobs and incomes, especially in rural areas that may be negatively affected by a free trade agreement. The principal contractor is Chemonics International.

FY 2004 Program:

No new obligations are planned under this strategic objective in FY 2004. Beginning in FY 2004, USAID plans to start a new Country Strategic Plan (2004-2008) under which all new funds are to be obligated under a new Economic Growth Strategic Objective "Increased Trade and Investment" (see separate data sheet). Support for the negotiation and implementation of the free trade agreement between Morocco and the U.S. will be central to the new SO.

Performance and Results: Since its inception in FY 2000, this program has made significant progress in instituting reforms in policies, laws, and regulations at the national level, as well as strengthening a variety of public and private institutions that directly support business development. The January 2002 announcement by King Mohammed VI of important new delegations of investment authorities to the regional level was in part inspired by the reform work being funded by USAID. Furthermore, the April 2002 announcement of the intention of Morocco and the United States to begin negotiations on a free trade agreement is a tangible positive result of the investment reforms being carried out by the government with USAID assistance. In FY 2002, important progress was achieved in policy and legal reform; improving the responsiveness of public agencies to private sector needs; strengthening the performance of key business sectors and enterprises; and increasing the access of the poorest segments of the economy to jobs and financial services. For example, the time required to register a new business with all government authorities decreased from six weeks to less than two days in the pilot region assisted by USAID. The average time required to complete a legal process in the pilot commercial court assisted under this program has also been reduced, from 227 days to 144 days. Direct support for microenterprises also progressed significantly in FY 2002, as the three USAID-assisted microfinance organizations reached a total of 80,000 outstanding loans, exceeding the 2002 target by more than 20 percent.

If progress continues, results should include: reductions in the time to do business with the government; time savings to litigants in commercial courts, enhanced revenues for business associations; an expansion of microcredits to rural enterprises; and commercial laws that reflect best international practice. Over the longer term the program should result in increased investment, expansion of employment, and economic growth.

US Financing in Thousands of Dollars

Morocco

	DA	ESF
608-005 Expanded Business Opportunities		
Through September 30, 2001		
Obligations	17,911	1,025
Expenditures	12,476	0
Unliquidated	5,435	1,025
Fiscal Year 2002		
Obligations	2,024	1,434
Expenditures	1,991	791
Through September 30, 2002		
Obligations	19,935	2,459
Expenditures	14,467	791
Unliquidated	5,468	1,668
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	2,891	0
Total Planned Fiscal Year 2003		
Obligations	2,891	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	22,826	2,459

Data Sheet

USAID Mission:	Morocco
Program Title:	Environment for Sustainable Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,294,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2004

Summary: USAID/Morocco's water program is developing a model for sustainable water management in the Souss-Massa River Basin - a model that will be replicated by the GOM and other donors in other regions of the country. This involves the development of a public/private water management agency; water policy reform; development and dissemination of improved water management technologies; and greater involvement of NGOs and women in Integrated Water Resources Management (IWRM).

Inputs, Outputs, Activities:

FY 2003 Program:

FY 2003 funds will contribute to the USG's overall program of economic growth and engaging Morocco in world markets. This will be done by strengthening the decision-making process in water management in the Souss-Massa River Basin - an economically important region threatened by water shortage. In addition, dissemination of wastewater reuse and erosion control technologies will help strengthen this strategic regional economy, as well as provide a template for water management in other river basins. The main areas of FY 2003 assistance are described below:

-- Develop a Sustainable Water Management Agency and Enhance Water Policy Reform (\$500,000 DA). USAID will develop tools for strategic planning and management for the Souss-Massa River Basin Agency (RBA). Fifteen people will participate in a study tour on coastal zone management, to be followed by a workshop to identify specific solutions to coastal water pollution that will be addressed through a pilot project. This component, funded under the Field Support account, will also assist the RBA to develop its capacity to monitor wastewater pollution and foster national cooperation in IWRM. To make the RBA as fully functional as possible, communications and financial management training plans will be implemented. The Souss-Massa RBA results will be presented to other regions. The principal contractor is Development Alternatives, Inc. Sub-contractors are U.S. and Moroccan companies, universities and NGOs.

-- Develop and Disseminate Best Practices in Water Resource Management (\$1,250,000 DA). The Souss-Massa Integrated Water Management (SIWM) project is working with various stakeholders to implement six pilot projects. Priority in FY 2003 will be to advance at least three pilot projects to the point where they become models for replication throughout the country. This includes the development of a telemetry system for drinking and irrigated water management. The system will be installed and users trained in its use. Priority will also be on the installation of a drip irrigation system for a water users association. This system will demonstrate cost-effective water savings technologies to make smallholder irrigated agriculture more competitive. SIWM will also develop an inventory of water pollution sources in the Souss-Massa region to be used for water quality protection for agriculture and the tourist industry. The SIWM project will continue to provide state of the art data collection tools and information on optimal water use. The website for sharing this data will be further developed this year. The principal contractor is Development Alternatives, Inc.

-- Improve Non-governmental Participation and Gender Integration in Water Resource Management (\$250,000 DA). USAID will ensure that gender issues continue to be incorporated in sustainable water resources management. SIWM will initiate a small grants program for community-based water NGOs. At least 10 grants will be awarded in FY 2003. Gender will be a focal point in selecting grant recipients. USAID will also work with community groups and women's associations on income-generating activities in the Abdelmoumen and Nakhla watersheds. The principal contractor is Development Alternatives, Inc.

-- Implement water component of the integrated community development project in the Souss-Massa-Draa region (\$294,000 DA). This project works across sectors (Environment, Education, Democracy & Governance, and Economic Growth) to build communities capacity to organize and promote their own development. This work will be managed by local NGOs with training and technical assistance from international NGOs including three U.S. PVO grantees: Catholic Relief Services, Near-East Foundation, and Hellen Keller International.

FY 2004 Program:

No funding is requested for this SO.

Performance and Results: USAID is making considerable progress towards the adoption of a better approach to managing surface and ground water resources in the Souss-Massa river basin. For example, the GOM provided funding for the river basin agency (RBA), allowing it to initiate strategic planning and staff development. Effective work of a regional interagency oversight committee and eight technical working groups established a solid basis for multidisciplinary and integrated water resource management in the basin. USAID implemented several pilot projects, including a telemetry system for collecting and disseminating surface and ground water data; a more efficient drip irrigation system; and dissemination of information to farmers on optimal water application by crop. A USAID-developed model wastewater treatment plant is being replicated in other cities in the region. Finally, a watershed protection methodology, successfully tested in the northern region of Morocco, is also being adapted and replicated in the Souss-Massa river basin.

US Financing in Thousands of Dollars

Morocco

608-006 Environment for Sustainable Development	DA
Through September 30, 2001	
Obligations	4,703
Expenditures	1,583
Unliquidated	3,120
Fiscal Year 2002	
Obligations	2,059
Expenditures	1,258
Through September 30, 2002	
Obligations	6,762
Expenditures	2,841
Unliquidated	3,921
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	2,294
Total Planned Fiscal Year 2003	
Obligations	2,294
Proposed Fiscal Year 2004 NOA	
Obligations	0
Future Obligations	0
Est. Total Cost	9,056

Data Sheet

USAID Mission:	Morocco
Program Title:	Health Improvements for Women & Children
Pillar:	Global Health
Strategic Objective:	608-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$500,000 CSH
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2003

Summary: Morocco has had great success in reducing fertility and maternal and child deaths with USAID assistance over the past several decades. This Special Objective supports the maintenance of high levels of family planning, immunizations, and other priority public health services while phasing out USAID support to the sector. USAID is working to promote effective local management by public health officials; foster collaboration among public health officials, NGOs, community associations, and the private sector in the delivery of quality maternal and child health services; increase access to reproductive and child health products and services in the private sector; and assist the Ministry of Health to adapt its organization to better serve the Moroccan people.

Inputs, Outputs, Activities:

FY 2003 Program:

Improve health management and quality of care in the two focus regions (\$500,000 CSH Prior Year Unobligated). By the end of FY 2003, USAID expects the overall quality of healthcare to improve in the focus regions, with increasing use of family planning and maternity services. Many of the pilot approaches will be used in other regions of the country, without direct USAID assistance. USAID activities will include developing program management capacity of regional health staff; ensuring systematic use of quality assurance in public health clinics and hospitals; and promoting additional joint projects between public health officials and civil society or local authorities.

To influence the shift of clients of the public health system who are able to pay for health services to the private sector, USAID will fund mass media campaigns to promote affordable contraceptives, train private general practitioners to increase their skills in the provision of preventive health care, and develop strategies to sustain this effort beyond the end of USAID assistance. USAID activities will graduate the "Al Hilal" brand name of the socially marketed contraceptive products; raise awareness of available products and services at affordable costs; launch the group family medicine practice, providing procedures manuals for private general practitioners; introduce the continuing medical education curriculum of family medicine in one of the four faculties of medicine in Morocco (the end of FY 2003 will see the graduation of the first group of 30 private general practitioners in family medicine in Morocco); and institutionalize the quality assurance concept in the continuing medical education curriculum. An impact evaluation of private health services is planned for the end of FY 2003.

USAID will participate in the funding of the Demographic and Health Survey that will be conducted in Morocco in 2003. The survey, which will be implemented by the Ministry of Health, will be co-funded by USAID and the UNFPA. It will help determine the population-based indicators needed to evaluate the impact of the program.

The principal contractors are John Snow, Inc, Deloitte Touche and Tomatsu, International Science and Technology Institute, Macro/DHS+, and CEDPA. The sub-contractors are University Research Corporation, Harvard School of Public Health, Abt Associates, Population Services International, and Meridian.

FY 2004 Program:

No funding has been requested for this SO. USAID/Morocco assistance to the health sector ends in September 2003. Only close-out activities of this Special Objective are planned after FY 2003.

Performance and Results: To ensure that health improvements in Morocco are durable, and will not depend on continued USAID assistance, USAID supports innovations that increase the availability and effectiveness of quality health care while steadily reducing direct financial support. Improving quality assurance for health services - including care techniques and program management - was the priority this year at the central level and the two focus regions of the Ministry of Health. To integrate the management of quality assurance with the strengthening of decentralization and improved management capacity, USAID organized a successful conference on health quality. More than 250 participants representing all levels of the health sector, both public and private, learned about critical issues related to the main determinants of quality care. Consensus was reached to revitalize the national quality assurance plan to make it into a more reference inclusive framework bringing together all quality-focused activities in the health sector.

In FY 2002 USAID organized a private sector working group forum to increase the public/private partnership and understanding of the role of the private sector in the provision of reproductive health services. Results of a legal study on the establishment of private group practice were discussed in that forum, and disseminated among private general practitioners. With USAID support, the private sector, in partnership with one of four Moroccan faculties of medicine signed an agreement to institutionalize a curriculum on continuing medical education in family medicine, for interested private general practitioners who usually go overseas for this type of training. In addition to the launch of the continuing medical education activity, promotional efforts have increased sales of socially marketed contraceptive products leading to a potential shift of clientele from the public sector.

USAID funded the promotional campaign for the launch of micronutrient enriched foods and provided technical support to introduce the fortification of wheat flour with iron, salt with iodine, and vegetable oil with vitamins A and B. Through policy reforms and with USAID assistance, the national strategy on micronutrient deficiency control program developed regulations related to flour fortification. In collaboration with government authorities, USAID was a key player in institutionalizing flour fortification by orchestrating the signing of an agreement between the Ministry of Health and the National Federation of Millers. USAID mobilized members of the Moroccan Association for Oil and Fats on the importance of vitamin A oil fortification as a means to accelerate reduction in micronutrient deficiencies. With USAID support the Ministry of Health has put into use a new integrated calendar of supplementation by health professionals, and launched a national micronutrient week that will be held twice a year. A total of 7,200 health professionals were trained nationwide to promote and implement the new calendar. By the end of FY 2003 micronutrient-enriched foods will be available throughout the country.

US Financing in Thousands of Dollars

Morocco

	CSH	DA
608-007 Health Improvements for Women & Children		
Through September 30, 2001		
Obligations	4,493	3,496
Expenditures	150	1,059
Unliquidated	4,343	2,437
Fiscal Year 2002		
Obligations	4,025	0
Expenditures	3,669	1,325
Through September 30, 2002		
Obligations	8,518	3,496
Expenditures	3,819	2,384
Unliquidated	4,699	1,112
Prior Year Unobligated Funds		
Obligations	500	0
Planned Fiscal Year 2003 NOA		
Obligations	0	0
Total Planned Fiscal Year 2003		
Obligations	500	0
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	9,018	3,496

Data Sheet

USAID Mission:	Morocco
Program Title:	Keeping Girls in School
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$1,528,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$0
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2003

Summary: The objective of this program is to increase the attainment of a basic education for girls in selected provinces in rural Morocco. This is achieved in two phases. Phase I (completed in FY 2001) designed and tested 18 guides for training of school personnel, parent-teacher associations (PTAs), and education managers in pilot provinces, which involved working with schools and communities at the pilot school level. Phase I began in five provinces and three additional provinces were added in year four. Phase II (FY 2002-2003) focuses on testing, completion, and national diffusion of the training guides and the USAID approach and experience in partnership with the Ministry of National Education (MNE).

Inputs, Outputs, Activities:

FY 2003 Program:

National adoption of training guides for the education sector (\$1,528,000 DA). In FY 2003 under the Morocco Education for Girls (MEG) Contract, USAID will provide technical assistance (TA) to finalize the MEG-developed training guides for integration into national training programs for teachers, school directors, education planners and PTAs. While most of the 18 training guides are in the final testing and completion phase, some will require additional TA for revisions based on field evaluations. Funds will also be used to continue conversion of the "traditional" training guides to a computer-based format for access through the USAID-designed web site (www.ibtikar.ac.ma), also accessible via the official MNE web site (www.men.gov.ma <<http://www.men.gov.ma>>). The principal contractor is Creative Associates International, Inc. The sub-contractors are Management Systems International and Save the Children. Limited support is being provided to Catholic Relief Services, the Near East Foundation, and Helen Keller International in the Souss-Massa-Draa region. The principal grantee is the Ministry of National Education.

FY 2004 Program:

No new obligations are planned under this strategic objective in FY 2004. Beginning in FY 2004, USAID will start a new Country Strategic Plan (2004-2008), which is expected to include an education component under the Economic Growth Strategic Objective "Increased Trade and Investment" (see separate data sheet).

Performance and Results: By the end of FY 2003, USAID will have achieved MNE adoption and national diffusion of the training guides that were developed and tested during the earlier phases of this project.

The guides strengthen the quality of teaching, and enhance community involvement in schools and decentralized management of the education system. By the end of FY 2003, USAID expects that at least 14 of the 18 USAID-financed training guides will be adopted by the MNE at the national level, i.e., used at all of Morocco's 34 teacher training colleges and other national training institutions. To date, 11 modules have already been adopted by the MNE. These guides will assist the MNE to implement policy changes required by the National Charter for Education and Training. Guide themes include, (1) equity in the school environment, (2) school management from a partnership perspective, (3) student-centered

teaching methodologies, (4) social mobilization, (5) PTA institution building, (6) strategic planning and performance monitoring, and (7) computer skills for educational purposes.

USAID expects successful nationwide use of the training guides, provided that upcoming MNE organizational changes do not lead to the replacement of all department heads. To date, their leadership and decision-making have allowed USAID and the MNE to make important progress in advancing the status of girls' primary education. In sum, the Moroccan education context is highly favorable to change, as "useful education" is one of the highest priorities of the King and there is strong commitment to implement the policies set out by the National Charter for Education and Training.

Continuing in FY 2003 will be the implementation of the Girls' scholarship program by a local NGO. Through a public-private partnership USAID is providing one seventh of total costs for a program which will provide scholarships for 300 Moroccan girls to attend three years of Middle School. Private sector donations, in-kind GOM, and NGO support finance the bulk of this program.

USAID is designing a new Country Strategic Plan to begin in FY 2004. Together with State, USAID is developing a plan that is consistent with the goals of the Middle East Partnership Initiative. In that regard, the new plan is expected to include an education component that will build upon the successes of the Keeping Girls in School Special Objective.

US Financing in Thousands of Dollars

Morocco

	CSH	DA
608-008 Keeping Girls in School		
Through September 30, 2001		
Obligations	5,984	2,310
Expenditures	2,733	2,237
Unliquidated	3,251	73
Fiscal Year 2002		
Obligations	0	1,383
Expenditures	2,797	137
Through September 30, 2002		
Obligations	5,984	3,693
Expenditures	5,530	2,374
Unliquidated	454	1,319
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2003 NOA		
Obligations	0	1,528
Total Planned Fiscal Year 2003		
Obligations	0	1,528
Proposed Fiscal Year 2004 NOA		
Obligations	0	0
Future Obligations	0	0
Est. Total Cost	5,984	5,221

Data Sheet

608-009: No Summary and/or Pillar information entered for this SO.

Data Sheet

608-010: No Summary and/or Pillar information entered for this SO.

Data Sheet

USAID Mission:	Morocco
Program Title:	Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-011
Status:	New
Proposed FY 2003 Obligation:	\$0
Prior Year Unobligated:	\$0
Proposed FY 2004 Obligation:	\$5,400,000 DA
Year of Initial Obligation:	FY 2004
Estimated Completion Date:	FY 2008

Summary: USAID will implement a program focused on three mutually reinforcing priorities: increased economic opportunities for all Moroccans through the engine of free trade and investment, relevant workforce preparation for the new economy, and responsiveness of government to the priorities of its citizens.

The first element is expected to support directly the implementation of a Free Trade Agreement (FTA) between Morocco and the United States, which should expand trade and investment, increase economic growth, and create jobs. USAID plans to help the Government of Morocco to implement the requirements of the agreement, such as improved enforcement of existing laws on intellectual property rights, labor, and the environment, and the drafting of new laws and regulations. USAID also plans to assist the Moroccan private sector, including agriculture, industry, and services, in making the transition to a more open trading environment, and taking full advantage of the new opportunities the FTA offers.

The second element will help create an educated and skilled workforce, essential for the successful implementation of the FTA. Its specific goal is workforce preparation through skills training related to the new FTA-driven job market, as well as through improvements in primary school effectiveness, which will form the basis for a trainable workforce. Particular attention is to be given to providing educational opportunities that enable girls and young women to obtain the skills they need to participate fully in and contribute positively to the economic growth and development of Morocco.

Increased responsiveness of the government to citizens' needs is the focus of the third element. USAID plans to help local government and civil society organizations improve service delivery through partnerships; and encourage ethical and transparent public service delivery. This improvement in Morocco's municipal environment will also encourage domestic and foreign private sector investment.

Inputs, Outputs, Activities:

FY 2003 Program:

N/A. This program will begin in FY 2004.

FY 2004 Program:

Activities are expected to be grouped under the major themes critical to the success of the proposed bilateral FTA, creating jobs and improving the overall investment climate.

Trade and Investment Climate Improvement (\$2,400,000 DA). USAID plans to fund foreign and local expertise needed to assist the Moroccan Government in meeting its FTA commitments, including those related to the enforcement of intellectual property rights, labor code, and the environment. These interventions are to be linked with previously initiated activities that support commercial justice improvements and the decentralization of government investment decision-making authority through regional investment centers. Expected results include improved services to local and foreign investors, and stronger protection of the natural resources environment.

USAID plans to also assist in the structural adjustments in agriculture and the rural economy that are expected as a result of tariff reductions on agricultural imports. Expatriate and Moroccan technical assistance is planned for the Ministry of Agriculture (MOA), rural authorities, and the private sector to modernize agriculture, reinforce rural economic development opportunities, and make better use of scarce natural resources. Efforts are to be made to shift labor and capital from traditional and cereals-based agriculture into higher value and more productive modern agriculture, and to create new rural non-agricultural jobs. USAID assistance may also help Morocco in its efforts to shift from water dependent to more appropriate agriculture in view of climate variability and water shortages. This component is expected to increase investment and job creation in rural areas.

Finally, USAID intends to use funds to support selected industry and service sectors (e.g. electronics, automobile components, agro-processing, tourism, and financial services) in the development and marketing of products and services that take full advantage of the opportunities afforded by the FTA. Funds are expected to support development of local expertise in business planning, market research and promotion, product development and product standards, and appropriate production technologies. Assistance is expected to be provided in collaboration with local business associations and local service providers.

Development of an education for success program (\$2,000,000 DA). Although the development of this new program is not complete, USAID's planned program will have skills training and school leadership improvement components. USAID will expand the girls' scholarship program, as girls education is a high priority under the Middle East Partnership Initiative. The skills training component of the education program may engage the Ministries of National Education, Labor, Commerce and Industry, and private-sector business associations to assess and implement a responsive and up-to-date program. USAID will carry out a detailed analysis of the workforce needs in FTA-affected sectors in close coordination with the other donors. As a necessary first step to any skills training program, a primary education component will be developed. The objective would be to demonstrate ways to improve the effectiveness of primary schools in both rural and urban areas, giving students the basic tools to begin job-related training. By the beginning of the third quarter of FY 2004, USAID expects to have completed the competitive bidding process for contractor selection and to have mobilized a field team.

Improved capacity of local government to respond to citizens needs (\$1,000,000 DA). USAID plans to design and start implementing activities with national and local level entities that encourage partnerships among public, private, and civil society organizations. Such partnerships will help build the capacity of newly elected officials in governance, conflict resolution and management; support budget transparency and anti-corruption initiatives; create regular fora to increase citizen participation in local government planning and decision-making; and deliver improved services responsive to community needs. As a result, these well-run municipalities will attract business investment, further enhancing citizens' lives.

Performance and Results: N/A.

US Financing in Thousands of Dollars

Morocco

608-011 Trade and Investment	DA
Through September 30, 2001	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2002	
Obligations	0
Expenditures	0
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2003 NOA	
Obligations	0
Total Planned Fiscal Year 2003	
Obligations	0
Proposed Fiscal Year 2004 NOA	
Obligations	5,400
Future Obligations	32,500
Est. Total Cost	37,900